

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BBF3104 – OFFSHORE BANKING AND FINANCE
(All Sections/Groups)

14 MARCH 2020
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 2 pages.
2. Attempt **ALL 4 (FOUR)** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Over the past several decades, money laundering has become an increasingly prevalent issue. Both financial institutions and governments are constantly looking for new ways to fight money launderers, and several anti-money laundering policies have been put in place to help this effort. Anti-money laundering laws entered the global arena soon after the Financial Action Task Force was created.

- (a) What is Anti-Money Laundering (AML) policy and why is it necessary? (7 marks)
- (b) Why is the Financial Action Task Force being created? (6 marks)
- (c) Explain the **3 (THREE)** distinct stages of money-laundering cycle. (12 marks)

(Total: 25 marks)

QUESTION 2

An offshore trust represents an alternative to a domestic trust. For instance, prior to 1997 and the enactment of new trust legislation in Delaware and Alaska, the offshore trust was the only real way to create an effective self-settled spendthrift trust.

Popular offshore jurisdictions for these trusts include Nevis, St. Kitts, the Cook Islands and the Bahamas. These jurisdictions have long recognized the validity of self-settled asset protection trusts.

- (a) How do offshore trusts work? Explain and illustrate. (10 marks)
- (b) Why use an Offshore Trust? Explain **4 (FOUR)** of those uses. (12 marks)
- (c) Explain the role of a trust protector. (3 marks)

(Total: 25 marks)

Continued...

QUESTION 3

Based on the review by Captive International, United Kingdom, the captive insurance industry 2018 bears a strong resemblance to the end of 2017 due to a long-awaited tax court opinion dealing with small captives, the post-Brexit environment for European-domiciled captives, and continued strong growth and underwriting performance. New captive insurance companies formations remained strong both internationally and domestically and appear set to remain that way for the foreseeable future.

(a) Discuss the differences between offshore captive insurance and traditional or domestic insurance.

(12 marks)

(b) What are the reasons for company to form captive insurance company? Discuss **4 (FOUR)** of those reasons.

(13 marks)

(Total: 25 marks)

QUESTION 4

Opening an onshore bank account is a relatively well-known process: visit the bank of your choice, fill up a CA/SA form, submit required identification and address proofs and pay the initial deposit amount.

With increased international compliance and anti-money laundering measures in place, offshore banks also require identification and address proofs and increasingly, proof indicating source of income.

However, more often than not, it is not necessary for the client to travel to the jurisdiction to open an offshore account. This is especially true for the bigger banks that have put due diligence procedures in place to allow bank accounts to be opened entirely by phone, fax, email, courier and through the Internet.

Compare and contrast **5 (FIVE)** differences between offshore and onshore banking.

(Total: 25 marks)

End of paper